

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Oversee the Resource Adequacy  
Program, Consider Program Reforms  
and Refinements, and Establish  
Forward Resource Adequacy  
Procurement Obligations.

Rulemaking 23-10-011

**REPLY COMMENTS OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
ON ADMINISTRATIVE LAW JUDGE'S RULING ON REVISED SLICE OF DAY  
CALIBRATION TOOL AND COMMENT SCHEDULE**

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**Table of Contents**

I. Introduction..... 1

II. Discussion..... 1

    A. The Commission Should Adopt a PRM for the RA Program that Meets a 0.1 LOLE  
    Across the Year. .... 1

    B. Although the CAISO Supports Party Requests for Additional Time to Review the  
    LOLE Study for 2026, the Commission Should Maintain Course to Adopt a PRM for  
    2026 that Meets a 0.1 LOLE. .... 2

III. Conclusion ..... 3

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**I. Introduction**

Pursuant to the August 30, 2024 *Administrative Law Judge’s Ruling on Revised Slice of Day Calibration Tool and Comment Schedule* (Ruling), the California Independent System Operator Corporation (CAISO) hereby submits its reply comments to the California Public Utilities Commission (Commission).

The CAISO continues to encourage the Commission to adopt a PRM in the resource adequacy (RA) program that meets a 0.1 loss of load expectation (LOLE) target for 2026. Although the CAISO supports allowing additional time for parties to review Energy Division’s 2026 LOLE study, the Commission should maintain course to adopt a planning reserve margin (PRM) for the 2026 RA year that meets a 0.1 LOLE.

**II. Discussion**

**A. The Commission Should Adopt a PRM for the RA Program that Meets a 0.1 LOLE Across the Year.**

The CAISO agrees with comments by the Western Power Trading Forum (WPTF) that the Commission should adopt a PRM for the RA program that meets a 0.1 LOLE target for 2026 and beyond.<sup>1</sup> The Commission should stress test the PRM to meet a 0.1 LOLE across the year, based on the results of an LOLE study. A 0.1 LOLE targets sufficient supply to avoid potential load shed and reliance on emergency measures that indicate the risk of potential load shed. Therefore, a 0.1 LOLE reliability target can help prevent capacity shortfalls and will result in RA

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<sup>1</sup> WPTF Opening Comments, p. 2.

requirements that best reflect resource portfolios necessary to maintain reliability in the CAISO balancing area.<sup>2</sup>

Additionally, setting RA requirements to meet a 0.1 LOLE best aligns RA requirements with resource planning and procurement in the Integrated Resource Planning (IRP) proceeding. The IRP proceeding targets a 0.1 LOLE. Alignment between the RA and IRP programs is critical to maintain reliability in the RA program. If the IRP program plans to meet a 0.1 LOLE, then, realistically, the RA program will require *all* internal and external resources in IRP portfolios to meet reliability targets, at least in peak summer months. However, if RA requirements are set at a lower reliability level than the reliability level targeted in IRP portfolios, then load-serving entities might not contract or show as RA resources all IRP portfolio resources. This could result in insufficient RA resources to support CAISO balancing area needs.

Finally, the CAISO recognizes that the Commission's local regulatory authority represents about 90 percent of the CAISO balancing area coincident peak demand. The combination of resource counting rules and PRM levels across the CAISO balancing area must collectively meet a 0.1 LOLE to ensure RA requirements reflect the resources necessary to maintain reliability across the CAISO balancing area.

**B. Although the CAISO Supports Party Requests for Additional Time to Review the LOLE Study for 2026, the Commission Should Maintain Course to Adopt a PRM for 2026 that Meets a 0.1 LOLE.**

The CAISO appreciates Energy Division's collaborative efforts to review and iterate on its 2026 LOLE study, PRM calibration tool, and stress testing processes. Energy Division vetted its LOLE study with parties, and Energy Division revised its LOLE study in response to party feedback. Energy Division also stress tested the PRM recommendation to ensure it meets a 0.1 LOLE across the year.

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<sup>2</sup> In prior comments, the CAISO also suggested the Commission could consider whether alternative measures of reliability such as expected unserved energy (EUE) or loss of load hours (LOLH) are viable reliability targets. EUE and LOLH metrics provide information about the reliability of the RA portfolio that is complementary to the LOLE metric. While LOLE estimates whether form load shed will occur, EUE estimates the amount of unserved load and LOLH estimates the duration of load shed. *See* CAISO Opening Comments on Track 2 Proposals, August 9, 2024, pp. 2-3.

In opening comments, several parties requested that the Commission defer a decision on actual PRM numbers for 2026 until Track 3 of the RA proceeding to allow parties additional time to review updated LOLE study results.<sup>3</sup> The CAISO supports party requests for additional time to review study results with Energy Division if such timelines are feasible for the Commission and Energy Division. Additional time will help parties better understand and gain comfort with study results and potential impacts before formal adoption of PRM numbers.

Although the CAISO supports parties' requests for additional time to review LOLE study results and assess potential impacts, the Commission should maintain course to adopt a PRM that meets a 0.1 LOLE for 2026. To ensure RA requirements reflect the resources necessary to maintain reliability, the RA program requires a PRM for 2026 that meets a 0.1 LOLE. Any Commission decision to defer the adoption of 2026 PRM numbers to a later track of this proceeding should not prevent the adoption of a PRM recommendation that meets a 0.1 LOLE for the 2026 RA year.

### **III. Conclusion**

The CAISO appreciates the opportunity to provide reply comments on Energy Division's revised Slice of Day PRM calibration tool and translation of the annual LOLE study results for 2026.

Respectfully submitted

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<sup>3</sup> Pacific Gas and Electric Company Opening Comments, p. 2; Southern California Edison Company Opening Comments, p. 3; California Community Choice Association, p. 7; Public Advocates Office at the California Public Utilities Commission Opening Comments, p. 1; Alliance for Retail Energy Markets Opening Comments, p. 1.